



EXPLORING THE POTENTIAL ECONOMIC IMPACT OF INDONESIA'S FREE SCHOOL MEAL PROGRAM

Olivia Danira

Research Scholars Program, Harvard Student Agencies, In collaboration with Learn with Leaders

ABSTRACT

This paper analyzes how the newly launched free school meal program, Makanan Bergizi Gratis (MBG), can potentially benefit the Indonesian economy as a whole. As it focuses on child malnutrition and stunting, the paper evaluates how these factors can impact the country's overall development and how the MBG program tackles them. Drawing comparisons to similar programs in Japan and China, the paper highlights the potential for MBG to not only improve health and education but also boost the domestic agricultural sector and reduce regional inequalities, especially in remote areas such as Papua. Key recommendations for the Indonesian government to maximize MBG's effectiveness include financial oversight, prioritizing local sourcing of food, phased rollouts, and annual economic assessments. This paper argues that with proper implementation, MBG has the potential to be a sustainable investment in Indonesia's future, leading to long-term economic benefits and a healthier, more educated workforce.

KEYWORDS: Makanan Bergizi Gratis (MBG), Child Malnutrition, Financial Oversight, Education, Economic Productivity.

RESEARCH QUESTION

What is the economic impact of Indonesia's free school lunch program on government spending, local food markets, and long-term human development?

INTRODUCTION

Indonesia has faced many challenges related to child malnutrition and poverty. According to the World Bank (2023), Indonesia experiences almost 24% of its population of children under 5 suffering from stunting. Stunting is a condition caused by a lack of nutrition that affects cognitive development and productivity in adulthood.

To tackle this issue, President Prabowo Subianto launched the "Makanan Bergizi Gratis" (MBG) program in 2025, a government initiative that aims to provide free school meals to 53 million students across the country. "Too many of our brothers and sisters are below the poverty line; too many of our children go to school without breakfast and do not have clothes for school," Subianto said. (Karimin & Alangkara 2025) While this policy seeks to tackle malnutrition, its long-term economic sustainability and potential impact on Indonesia's future remain widely debated.

The MBG program requires an estimated \$28 billion annually because it will necessitate 6.7 million tons of rice, 1.2 million tons of chicken, 500 thousand tons of beef, 1 million tons of fish, various vegetables, fruits, and 4 million kiloliters of fresh milk (East Asia Forum, n.d.), which raises concerns about its financial sustainability and its overall contribution to Indonesia's economic growth. However, global case studies, such as Japan's National School Lunch programs demonstrate that well-managed free meal programs can lead to higher academic performance, increased workforce productivity, and

economic stimulation through local food production.

This paper assesses whether the MBG initiative can provide benefits contributing to economic sustainability and growth similar to those observed in other countries with on going free school meal programs.

The Significance of Improving Education

DataIndonesia.id shows that as the level of education progresses, the number of students decreases. In the year 2023/2024, around 24 million students participated in elementary school, almost 10 million students in junior high school, and 5 million students in high school (DataIndonesia.id). The following graph shows:

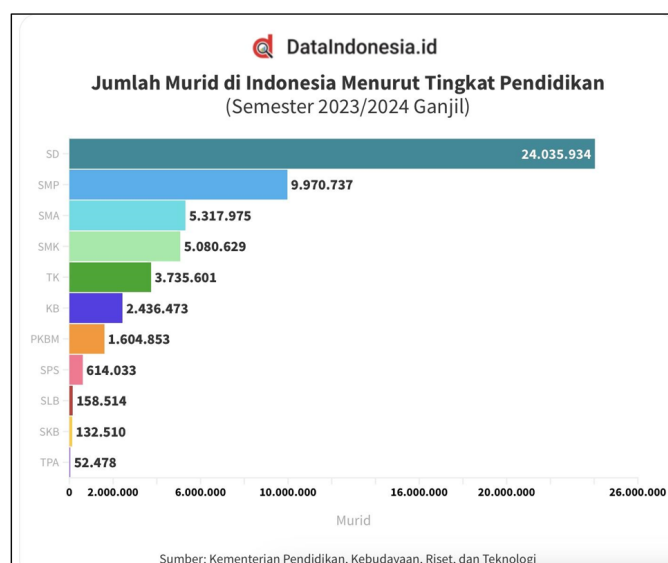


Figure 1: Data on the number of students in each grade from DataIndonesia.id

The surprising data may be the source of Indonesia lacking in fulfilling their potential for growth. Assisting in education plays a crucial role in shaping Indonesia's future, as it directly impacts the nation's economic growth, productivity, and social stability. With nearly 50 million students enrolled in schools, the quality of education in Indonesia is a key factor in the country's development. With efficient nutrition programs like MBG, the state not only guarantees a student's physical well-being, but their ability to perform mental activities with improved focus and concentration, which directly results in better grades being achieved. As a consequence, this brings about increased rates of graduation, which in the future results in an increased number of skilled workers in the industry. The research shows that well-fed students tend to have better examination results and are willing to take up education at higher levels, thus boosting the concept of competitiveness in the economy. Moreover, improved education outcomes have a spillover effect increasing social equity by providing opportunities for children from poor families to escape poverty. By committing to providing educational aid, Indonesia will see improvements in students as an individual and also thriving in fulfilling the potential of economic development.

Economic Impact: The Cost of Malnutrition & MBG's Potential Benefits

Child malnutrition has been a significant economic burden on Indonesia. According to a 2019 study by the Asian Development Bank (ADB), Indonesia loses approximately \$3 billion annually in productivity due to malnutrition-related illnesses. Malnourished children tend to have weaker immune systems, which affects their school participation and performance. According to the World Bank (2023), reducing childhood stunting by 10% could increase Indonesia's GDP by 2% over the next two decades, generating an additional \$28 billion annually.

By providing nutritionally balanced meals to students daily, the MBG program has the potential to significantly reduce malnutrition-related productivity losses. According to a UNICEF 2019 study on school feeding programs in Southeast Asia, it appears that students awarded daily meals at school perform 17% better in tests and are 40% more likely to complete their secondary education compared to students without access to these programs. This is the situation in Indonesia, which has a high school dropout rate, and MBG may be effective in raising national productivity and income levels in the country. In addition, MBG is expected to manage the household healthcare costs to some extent, especially among low-income families. Chronic malnutrition is always more susceptible to these preventable diseases. Such illnesses involve higher medical costs and work absenteeism for parents. By improving child nutrition, MBG can reduce public healthcare costs, allowing the government to reallocate funds to other sectors such as infrastructure and education.

MBG Boosting Income in the Agriculture Industry

The MBG program requires a massive quantity of raw materials that would provide the students with their calories, protein, and nutrition. This being the root of the spark for financial concerns

has the potential to strengthen Indonesia's agricultural sector by increasing demand for local food production. With 6.7 million tons of rice, 1.2 million tons of chicken, and 1 million tons of fish needed annually (East Asia Forum, 2024), the program can increase the income of rural farmers, which increases their earnings by enhancing their productivity in producing more. This is what happened in China, where similar programs induced an increase of 15% in farmer incomes (China Development Research Foundation, 2019), as government contracts provided a secure market for domestically grown vegetables. Proper MBG sourcing of local ingredients means that Indonesia can help tackle Indonesia's dependency on imported foods.

How MBG tackles equality in food distribution across Indonesia

Indonesia's geographic diversity has long been a challenge in ensuring equal access to food and resources, especially in rural and remote regions like Papua, East Nusa Tenggara, and Maluku. While urban areas such as Jakarta and Surabaya have greater access to affordable and nutritious food, many outer provinces struggle with food insecurity due to high prices, limited agricultural output, and poor infrastructure. According to Indonesia's National Food Agency (2023), food prices in Papua are two to three times higher than in Java due to the difference in quantity in demand, making it significantly harder for families to afford balanced meals. The MBG program provides a solution by guaranteeing that students, regardless of location, receive nutritious meals daily, helping to bridge the gap between wealthier urban centers and underdeveloped rural areas.

Because of the logistics and food distribution, one of the greatest challenges to delivering MBG to other regions outside Java is food. Teacher's Mobility, a program implemented in China's free meal program combined with MBG, helped almost all remote provinces to build their agricultural businesses, which greatly decreased the food prices in the long run. This was reported by the China Development Research Foundation in 2019. Papua and most of the eastern provinces are more secluded and densely populated, which increases the difficulty of the logistics because of the rough terrain and the increased cost that needs to be accounted for due to the structure of the region. Furthermore, if the MBG system is done seamlessly, the higher demand for the food can act as a catalyst in investing in portions for farming and fishing so that the amount of food exported from Java or Sumatra can be cut down significantly.

Ensuring that students in underdeveloped regions receive the same level of nutrition as those in major cities is crucial for breaking cycles of poverty. Malnutrition rates in eastern Indonesia remain significantly higher than in Java—Papua has a child stunting rate of 34.6% compared to Jakarta's 14% (Indonesian Ministry of Health, 2023). By providing consistent, nutritious meals, MBG can improve cognitive development and school performance, giving children in rural areas better opportunities for higher education and future employment. Over time, this could help reduce economic disparities between Indonesia's regions, allowing more provinces to contribute to national economic growth instead of remaining dependent

on government aid. However, for this to be effective, the government must prioritize infrastructure improvements and transparent food distribution systems, ensuring that remote schools receive the same quality and quantity of meals as those in urban areas.

CONCLUSION

The Makanan Bergizi Gratis (MBG) program is one of Indonesia's most ambitious government programs overall and also one that tackles the social welfare of the young population. Observing through other existing programs, their outcome suggests that the MBG program has the potential to decrease child malnutrition and build better educational outcomes. With these factors being focused, Indonesia can achieve an improvement in economic productivity in the long run. As for the short run, the requirement for the MBG program boosts demand for the local agricultural industry, bringing them revenue increase and productivity.

In order for this program to be successful in bringing benefits to Indonesia, the government should consider the challenges that it will encounter during the implementation of this program. Specifically, the concerns of Indonesia regarding the financial aspect are worth focusing on. The government should take this part of the program with caution, as it is the first time Indonesia implements such an initiative with a budget of \$28 billion a year. If the government appears not to take the program seriously, citizens will be hesitant to support it. In order to avoid this, the government will need to remain transparent and avoid any corruption in the supply chain. In addition, careful planning for both logistics and financial factors is crucial as it can affect the children consuming these meals, which is the focus of the program. Overall, the MBG program shows potential for improving Indonesia's economy significantly, but it is crucial to take into consideration all factors that could shift this program from success.

REFERENCES

1. Chakraborty, D., Chakraborty, I., & Mukherjee, J. (2017). A study Associated Press. (2025, January 16). Indonesia's Prabowo Subianto unveils plan to provide free meals to children and mothers. AP News. <https://apnews.com/article/indonesia-prabowo-subianto-free-meals-children-mothers-213a04587203434f3f85950725e84a8b>
2. APEKSI. (n.d.). Siapa yang urus makan bergizi gratis (MBG)? APEKSI. <https://apeksi.id/siapa-urus-makan-bergizi-gratis-mbg/>
3. Zenbird Media. (2021, March 9). The role of school lunches in the poverty problem in Japan. Zenbird Media. https://zenbird.media/the-role-of-school-lunches-in-the-poverty-problem-in-japan/?utm_source=chatgpt.com
4. Journal of Nutritional Science and Vitaminology. (2020). Nutritional education in schools: A critical review of Japan's lunch programs. *Eiyogakuzashi*, 76(Supplement), 2-4. https://www.jstage.jst.go.jp/article/eiyogakuzashi/76/Supplement/76_S2/_article?utm_source=chatgpt.com
5. World Health Organization. (n.d.). Malnutrition in children. WHO. <https://www.who.int/data/nutrition/nlis/info/malnutrition-in-children>
6. Brookings Institution. (2022, June 10). Schoolwide free meal programs fuel better classroom outcomes for students. Brookings. <https://www.brookings.edu/articles/schoolwide-free-meal-programs-fuel-better-classroom-outcomes-for-students/>
7. CGTN. (2020, September 26). Ten years on: The launch of China's free lunch campaign. CGTN. <https://news.cgtn.com/news/2020-09-26/Ten-years-on-the-launch-of-China-s-free-lunch-campaign-U69VLPdISM/index.html>
8. Badan Pangan Nasional. (2025, February 2). Dukung program MBG, Badan Pangan Nasional dorong peningkatan konsumsi protein. Badan Pangan Nasional. <https://badanpangan.go.id/blog/post/dukung-program-mbg-badan-pangan-nasional-dorong-peningkatan-konsumsi-protein>
9. Prevalence of stunting, height for age (% of children under 5). World Bank Open Data . (n.d.). <https://data.worldbank.org/indicator/SH.STA.STNT.ZS>